STATE OF UTAH
FLEX$ PROGRAM HANDBOOK

Administered by Public Employees Health Program (PEHP)
560 East 200 South, Suite 110, Salt Lake City, Utah 84102-2004

TABLE OF CONTENTS

INTRODUCTION

HOW FLEX$ WORKS
- FLEX$ Reimbursement Accounts
- FLEX$ Can Save You Money
- Immediate Tax Savings

YOUR FLEX$ INSURANCE PREMIUM PAYMENT PLAN
- Eligibility and Participation
- Benefits and Salary Reduction
- Claims Procedure

YOUR FLEX$ HEALTH CARE REIMBURSEMENT ACCOUNT
- Eligible Health Care Expenses
- Medical
- Equipment and Supplies
- Dental
- Vision
- Miscellaneous Services
- Health Care and Taxes

YOUR FLEX$ DEPENDENT CARE REIMBURSEMENT ACCOUNT
- Eligible Dependent Care Expenses
- Dependent Care and Taxes

HOW FLEX$ AFFECTS YOUR OTHER BENEFITS
- Social Security
- Deferred Compensation

FLEX$ ELIGIBILITY AND ENROLLMENT

EFFECTIVE DATE OF COVERAGE

CHANGING YOUR FLEX$ DEDUCTIONS

FLEX$ CLAIM AND REIMBURSEMENT PROCESS
- Claim Submission Deadlines
- Claim Documentation
- Health Care Claims
- Dependent Care Claims

Denied FLEX$ Claims
Name and Address Changes
Duplicate Reimbursement/ Overpayment
Termination of Employment/Employment Status Change

BEFORE YOU DECIDE

ABOUT THIS DOCUMENT

FOR ADDITIONAL INFORMATION

INTRODUCTION

Most of us have health care expenses that health insurance does not cover. In addition, many of us pay a considerable amount of money each year for dependent care expenses. These out-of-pocket expenses take a big bite out of our take home pay. That's why the State of Utah has expanded its employee benefits program by offering FLEX$ -- the State of Utah Flexible Reimbursement Account Program, administered by the Public Employees Health Program (PEHP). FLEX$ saves you money and helps your pay go farther.

This document briefly describes advantages and special rules that apply to the FLEX$ program. Please read it carefully. It will help you understand how the program works so that you can take full advantage of its many attractive features. If there is anything you do not understand, contact the Public Employees Health Program, at (801) 366-7503.

HOW FLEX$ WORKS

The FLEX$ program increases your spendable income by reducing your taxes. It accomplishes this by allowing you to use "before-tax" dollars to pay for specific out-of-pocket health care and dependent care expenses. Employees who do not participate in the FLEX$ program will pay the same type of expenses with "after-tax" dollars.

The difference between "before-tax" and "after-tax" dollars is very important. "Before-tax" dollars is your gross pay before Federal, State, and Social Security taxes are calculated and deducted. "After-tax" dollars is the net amount remaining after all taxes have been deducted from your pay. It makes good sense to use "before-tax" dollars to pay for eligible health care and dependent care expenses.

CAUTION SHOULD BE USED IN DETERMINING THE AMOUNT TO BE DEDUCTED FROM YOUR PAYCHECK FOR FLEX$, AS UNUSED FUNDS CANNOT BE RETURNED.

FLEX$ Reimbursement Accounts

There are two types of accounts you may use when participating in the FLEX$ program: one for health care and one for dependent care. You can open one or the other-or both! You decide how much you want to set aside in an account for the plan year, up to the allowed $5,000 maximum per account. Through payroll deductions, money is conveniently and automatically deposited into a FLEX$ Reimbursement Account each pay period throughout the year-before Federal, State, and Social Security taxes are computed. Effective January 1, 2003, the minimum contribution necessary to participate is $5.00 per pay day per plan.

Then, whenever you have an eligible expense, you will submit a FLEX$ claim to the Public Employees Health Program at 560 East 200 South Suite 100, Salt Lake City, UT 84102-2004. Your reimbursements will be included on your paycheck with the tax-free money you set aside. Paying the actual provider of health care or dependent care services will be the responsibility of each individual FLEX$ participant.

FLEX$ Can Save You Money

FLEX$ saves you money because the money contributed to a FLEX$ Reimbursement Account is not taxed. FLEX$ deductions are taken out of your gross pay before Federal, State, and Social Security taxes are calculated. This means that your taxable income (the income reflected on your annual W-2 form) is lowered. By lowering your taxable income, you'll pay less tax and have more money to spend.

Here's an example of how this works. . .
Susan and Glen both earn $40,000 a year, and pay out of their own pocket $400 for health care and $2,000 for dependent care incurred during the year. Susan decides to enroll in a FLEX$ Health Care and Dependent Care Account. Glen decides not to participate in either FLEX$ account, but claims the dependent childcare credit on his tax return.

	Susan	Glen
Annual pay	$40,000	$40,000
Before-tax FLEX$ contributions (health care and dependent care expense)	-2,400	-0-
Taxable Income	$37,600	$40,000
Estimated Utah Income Taxes	-1,553	-1,723
Soc Sec Taxes (7.65%)	-2,876	-3,060
Estimated Federal Income	-3,866	-4,226
Take-home pay	$29,305	$30,991
After-tax payment of health care and dependent day care expenses	-0-	-2,400
Federal Tax Credit / Child Care	-0-	400
Remaining annual spendable income	$29,305	$28,991
Increase in spendable income	$ 314	

By using the FLEX$ Reimbursement Accounts, Susan saves $314 in taxes. Glen, on the other hand, is taxed on his full pay. This means that Susan has $314 more in spendable income, even after paying the same $2,400 in expenses that Glen paid. Why pay more taxes than you have to? It makes good sense to use a FLEX$ Reimbursement Account to pay for eligible health care and dependent care expenses.

This is a conservative example based on the 1999 tax tables. Taxes were calculated for a head-of-household with two exemptions. Of course, the increase in spendable income will vary depending upon the amount that you decide to set aside in a FLEX$ Reimbursement Account and your own individual situation.

Immediate Tax Savings

Since FLEX$ contributions are deducted every pay period, in equal installments throughout the year, your tax savings are immediate--not just when your tax return is filed at the end of the year. Expenses reimbursed with tax-free dollars from a FLEX$

account may not be claimed again as a tax deduction on your annual tax return. In other words, you cannot claim your expenses twice.

YOUR FLEX$ HEALTH CARE REIMBURSEMENT ACCOUNT

You can set aside any amount, up to $5,000 a year, in a FLEX$ Health Care Reimbursement Account. This tax-free money is used to reimburse you for eligible health care expenses. To be eligible for reimbursement, you must incur an eligible expense on or after your effective date of coverage during the plan year that you are participating in a FLEX$ Health Care Reimbursement Account. Expenses may be for you or any other person who satisfies the definition of an eligible dependent. Eligible dependents include anyone who qualifies as a dependent for tax purposes under the Internal Revenue Code.

You should only contribute enough money to a Health Care Reimbursement Account to cover the eligible health care expenses that you will incur during the plan year. Since coverage and co-payments vary depending upon which health insurance plan (if any) you or your dependents are enrolled in, consult your plan document for information on coverage limitations AND exclusions. Remember, any money you elect to have deducted into the FLEX$ Reimbursement Account program may be forfeited if you are unable or choose not to claim it within the plan period guidelines.

Eligible Health Care Expenses

In general, any health care expense incurred from legal treatments provided by a licensed health care practitioner, while practicing within the scope of their license and which is not covered by health insurance, is an eligible expense. Additionally, all referrals and prescribed treatments must be made by licensed health care providers practicing within the scope of their license to qualify as an eligible expense. Your medical, dental, and vision insurance premiums are automatically withheld from your gross pay before tax calculations, separate from the FLEX spending account(s).

Here is a partial listing of the type of expenses which may qualify for reimbursement under a FLEX$ Health Care Reimbursement Account:

Medical
- Acupuncture
- Allergy Injections
- Alcohol and Drug Rehabilitation Programs*
- Artificial Eyes and Limbs
- Blood Transfusions
- Charges not considered "Reasonable and Customary"
- Chiropractic Care
- Diabetic Supplies*
- Experimental Procedures
- Hearing Care
- Insulin Treatments
- Insurance Deductibles and Co-payments
- Nursing
- Organ Transplants

- Physical, Speech and Occupational Therapy
- Prescriptions
- Psychotherapy
- Radium Therapy
- Routine Physical Exams
- Sterilization Equipment and Supplies*
- Arches
- Back Supports
- Birth Control Supplies
- Braces and Splints
- Crutches
- Hearing Aides
- Instruction, Training, and Equipment for the Deaf
- Orthopedic Shoes
- Orthotics
- Oxygen and Equipment
- Support Hosiery
- Truss
- Wheelchairs

Dental
- Bridges
- Cleaning Teeth
- Crowns
- Dental X-rays
- Dentures
- Extracting Teeth
- Fillings
- Fluoride Treatments
- Gum Treatments
- Oral Surgery
- Orthodontics
- TMJ

Vision
- Eye Exams
- Eyeglasses
- Contact Lenses, including lens care supplies
- Instruction, Training, and Equipment for the Blind

Miscellaneous
- Organ Donor Expenses
- Medical equipment and qualified home improvements*
- Maintaining a Mentally Retarded Dependent in a Special Home
- Remedial reading for a Child Suffering from Dyslexia*
- Smoking Cessation Programs*
- Special School Costs for Physically and Mentally Disabled Children with severe Learning Disabilities*

*Must be prescribed by a Medical Doctor, Doctor of Optometry, Doctor of Podiatry, or Osteopathic Physician for a specific medical condition. A copy of the prescription(s) must accompany expense documentation each time such an item is claimed for FLEX$ reimbursement.

For more information, please consult IRS Publication 502. However, insurance premiums do not qualify for reimbursement from Health Spending Accounts.

Medicare / Medicaid Entitlement

A Participant's revocation or amendment of participation during the Plan Year, and new election for the remainder of the Plan Year, is allowable if the Employee, Spouse, or Dependent Child becomes entitled to coverage under Medicare or Medicaid.

Health Care and Taxes

Unless your out-of-pocket health care expenses exceed 7.5% of your total adjusted gross income, you will not be able to claim them on your Federal tax return. For instance, if your adjusted gross income is $18,000, your health care expenses must exceed $1,350 and then only the expenses exceeding $1,350 can be deducted. What can you do about this? Open a FLEX$ Health Care Reimbursement Account! Paying out-of-pocket costs with before-tax dollars gives you immediate tax savings and increases your spendable income.

YOUR FLEX$ DEPENDENT CARE REIMBURSEMENT ACCOUNT

The amount that you can contribute to a FLEX$ Dependent Care Reimbursement Account depends upon whether you are married or single. If you are married, tax laws require that both you and your spouse be employed to use a Dependent Care Reimbursement Account (see exception noted below).

- If you are single, you can set aside up to $5,000 a year in a tax-free Dependent Care Reimbursement Account.
- If you are married and file a separate tax return, you can put up to $2,500 into a Dependent Care Reimbursement Account.
- If you are married and file a joint tax return, the maximum contribution is the lesser of your two incomes, up to a $5,000 limit. For example, suppose you earn $18,000 a year and your spouse earns $4,000, the maximum amount that could be payroll deducted for the FLEX$ Dependent Care account is $4,000.
- The minimum contribution is $10.00 per payday ($5.00 for plan years beginning 2003).

To be eligible for reimbursement:

- An expense must be incurred on or after your effective date of coverage
- It must occur during the plan year in which you are participating in a FLEX$ Dependent Care Reimbursement Account
- It must qualify as an eligible expense under the program rules

As in the Health Care Reimbursement Account, you should only contribute enough money to a Dependent Care Reimbursement Account to cover the eligible dependent care expenses that you will incur during the plan year. Remember, any money you elect to have deducted into the FLEX$ Reimbursement Account Program may be forfeited if you are unable or choose not to claim it within the plan period guidelines.

Eligible Dependent Care Expenses

The dependent or childcare costs that you incur, in order for you and your spouse (if applicable) to work, qualify as eligible expenses. In addition, if your spouse is disabled or attends school and is not able to care for your eligible dependents, costs incurred to care for your eligible dependents may also be covered. Eligible dependents include anyone who qualifies as a dependent for tax purposes under the Internal Revenue Code. You may not use a Dependent Care Reimbursement Account to pay for babysitting expenses for a social event or for the cost of sending your child to an overnight camp.

Also excluded is any expense that is excluded by federal regulations including but not limited to food, clothing, or educational services unless these services are minimal or insignificant and inseparable from the portion of the expense that is for care, or for the individual's well being and protection. Educational services where the primary purpose is education, not care, include, but are not limited to, elementary and secondary schools, summer schools, continuing education classes, etc.

Some examples of eligible expenses are:

- A qualified day care center, nursery school, babysitter, or nurse.
- A maid or cook, if part of their job is to care for a person who qualifies for dependent care.
- A relative who provides dependent care, if the relative is not your dependent for income tax purposes or your child or stepchild under age 19.

To qualify for reimbursement under this program, your dependent children must be under age 13.

- Dependents that are age 13 or older must be totally disabled and spend at least eight hours each day in your home.
- If dependent day care services are provided by a day care facility that cares for more than six children at once, it must be a state licensed day care center.
- You must furnish the name, address and taxpayers' identification number (Social Security number) of each day care facility or private individual that provides care on each FLEX$ claim submitted.

Dependent Care and Taxes

Eligible dependent care expenses can save you taxes in two different ways: you may be entitled to a tax credit on your individual tax return, and you may also participate in a FLEX$ Dependent Care Reimbursement Account.

The maximum Federal tax credit available for one dependent is $2,400 and $4,800 for two or more dependents. Please note: the available tax credit and the additional savings realized on Social Security and State taxes, by participation in a FLEX$ Dependent Care Reimbursement Account may result in greater tax savings than the Federal tax credit. Generally speaking, families earning around $25,000 or more are better off using a Dependent Care Reimbursement Account. Participation in a Dependent Care Reimbursement Account would also benefit certain low-income families (i.e., families who have adjusted gross incomes which result in no Federal income tax liability, do not benefit from a tax credit, but would save on Social Security taxes).

It is important to note that new tax laws, effective January 1, 1989, reduce dollar for dollar the Federal tax credit available to you when you participate in a Dependent Care Reimbursement Account. For example: if your tax credit is $4,800 and you use a Dependent Care Reimbursement Account to pay $4,000 in dependent care expenses, you can only claim up to an $800 credit on your Federal tax return. Expenses claimed through a FLEX$ account cannot be claimed again as a yearend tax credit; however, that portion of eligible expenses not claimed through FLEX$ may be eligible for a yearend tax credit.

Before making your final decision about participation in a FLEX$ Dependent Care Reimbursement Account, please consult a tax professional.

HOW FLEX$ AFFECTS YOUR OTHER BENEFITS

Many of the benefits that you receive are based upon your salary. Included in this category are disability coverage, retirement, social security, and deferred compensation. Of these, the only benefits that could possibly be affected by your participation in FLEX$ are social security and deferred compensation.

Social Security

Since FLEX$ contributions are deducted on a before-tax basis, they are not included in your F.I.C.A. taxable wages. As a result, your Social Security benefit at retirement may be reduced--but only slightly. If you make under $23,064 your monthly retirement benefit from Social Security would be about 76 cents less for each $1,000 of tax-free money you contribute to FLEX$. That's only $9.12 a year. If you make more, the reduction is even smaller--about 36 cents a month. You will save an average of $225 a year in taxes by putting that $1,000 in a FLEX$ Reimbursement Account. The tax savings more than make up for the small loss of Social Security benefits at retirement.

Deferred Compensation

Additional tax savings may be realized if you choose to participate in both FLEX$ and one of the Deferred Compensation Plans (DCP), either a 401(k) or 457. Income, for DCP purposes, means your income remaining after all tax-free and tax-deferred deductions have been taken. Since FLEX$ contributions are tax-free, the maximum DCP contribution that you are allowed to make may be lower than anticipated dependent upon the amount of FLEX$ contribution. Please call the Public Employees Health Program (801) 366-7503 if you have any questions regarding the FLEX$

program affect on DCP. However, remember that dollars directed to 401(k) or 457 plans also reduce your State and Federal tax withholdings (but not FICA withholdings).

FLEX$ ELIGIBILITY AND ENROLLMENT

All full-time employees, most part-time employees of 50 percent time or more, and some employees in full- time, temporary positions who are eligible for benefits may enroll and participate in the FLEX$ program. If you are unsure whether you are eligible to participate or not, check with your payroll person.

The annual open enrollment period will be held in the month of November for the following plan year. To participate in an upcoming year, you must return a completed enrollment form to the Public Employees Health Program, 560 East 200 South, Suite 100, Salt Lake City, UT 84102-2004 by the end of the enrollment period. You must re-enroll each year that you wish to participate in the FLEX$ program. This gives you the opportunity to evaluate your needs for the new period and possibly change your elected deduction amounts. Enrollment forms should be requested from your payroll coordinator (all forms are also available on the State and PEHP web sites).

New employees may enroll within the first 60 days of their employment by providing the Public Employees Health Program with a completed enrollment form and verification of hire date.

Employees who have a change in family status (i.e., marriage, divorce, birth of a child, etc.) may enroll within 60 days of the event. Proper documentation (marriage license, birth certificate, divorce decree, etc.) and a completed a FLEX$ application must be received by the Public Employees Health Program within 60 days of the change in family status.

It is the employee's responsibility to monitor his/her own paycheck stubs to see that the intended change occurs. If the expected change does not take place, the employee must contact the Public Employees Health Program (801) 366-7503 immediately so that adjustments can be made.

EFFECTIVE DATE OF COVERAGE

When you enroll in FLEX$ during the November open enrollment period, your coverage becomes effective on January 1 of the following year. Each employee must re-enroll every year that they wish to participate in the FLEX$ program, this gives you the opportunity to evaluate your needs for the new period and possibly change your elected deduction amounts.

For new employees who enroll within the first 60 days of their employment, coverage becomes effective on their hire date. If an employee, following a change in family status (i.e. marriage, divorce, birth of a child, etc.):

- enrolls in a FLEX$ account, coverage is effective on the date that the family status change occurred.
- chooses to increase contributions to an existing FLEX$ account, the

original effective date of coverage for the current plan year applies to the increased amount.
- wishes to decrease or stop payroll deductions to an existing FLEX$ account, there is no change to the effective date of coverage.

You may submit claims for eligible expenses incurred on or after the effective date of coverage for the plan period in which you are enrolled.

CHANGING YOUR FLEX$ DEDUCTIONS

The payroll deduction that you choose for FLEX$ may not be changed during the course of a year unless you have a change in status, change in your family's status (i.e., marriage, divorce, birth of a child, adoption, other changes in dependents, etc.) and/or change in your employment status. Within 60 days of the change in family status you are required to furnish the Public Employees Health Program 560 East 200 South, Suite 100, Salt Lake City, UT 84102-2004 with proper documentation (marriage license, birth certificate, divorce decree, etc.) and complete an "Employee Change Request." Payroll deductions may be started, stopped, increased or decreased if one of the above status changes occur. However, the change in the new election must be consistent with the status change.

In addition, money cannot be transferred between FLEX$ accounts. There are strict government rules, which state that the money contributed to each account must remain completely separate and dedicated to its original elected purpose.

FLEX$ CLAIM AND REIMBURSEMENT PROCESS

FLEX$ covers eligible health care and dependent care expenses that are incurred in the plan (calendar) year that you are enrolled. This means that treatment and/or services must be provided on or after your effective date of coverage, during the plan year that you are a participant. The date that an expense was paid has no bearing on whether or not it is eligible under the program.

Whenever you have verification of an eligible expense, you must complete a FLEX$ claim to receive reimbursement. Claim forms may be obtained from your department payroll clerk. Claims will be processed and the eligible amount reimbursed to you through your payroll. The claim(s) must be received by the designated deadline for reimbursement on the next paycheck. FLEX$ reimbursements will not be considered part of your taxable income for the year.

Claim Submission Deadlines

Claims must be received by the Public Employees Health Program by the close of business on the established deadline. You have until March 31st to submit claims to the Public Employees Health Program for reimbursement of health care and/or dependent care expenses incurred in the plan year.

Claim Documentation

When submitting FLEX$ claims, each expense that you claim under FLEX$ must be supported by appropriate documentation. Appropriate documentation includes good quality copies of original: receipts, statements, OR any other document that shows the name of the provider, the service date, the type of service, the service recipient, and the amount of your total out-of-pocket expense.

It is recommended that you keep your own original receipts of service and billing and a personal record of exactly what you have submitted. This is especially important because the Public Employees Health Program is unable to provide you with copies of FLEX$ claims and claims documentation.

If you do not put the required information on the claim, the claim will be rejected and sent back to you. The minimum required data includes: social security number, employee name and address information, date(s) of service received, type of service received, service provider, and amount of the claim. In addition, the claim MUST be signed, and if you are submitting a dependent care claim, the provider's tax ID number must be provided.

Health Care Claims

If you or your dependents are insured by an indemnity type of medical or dental insurance plan, a corresponding Explanation of Benefits (EOB) worksheet or medical receipt should be included for each health care expense claimed. Any co-payments made by you or your dependents for services provided through a Health Maintenance Organization (HMO), must be documented by a copy of the receipt from the HMO provider.

If an expense is not covered by a medical or dental plan, itemized statements or receipts from the health care provider are acceptable as documentation. In addition, some health care expenses may require that a written prescription be furnished by your physician or health care provider. Over-the-counter medications are not eligible for reimbursement, even if prescribed by a physician or health care provider.

Medical claims are prepaid up to the elected annual deduction amount, even though the reimbursement may be more than you have had deducted at that time. If you should terminate before the end of the calendar year, and have been reimbursed more than you have had deducted through the FLEX$ program, you may have the additional amount deducted from your final paycheck.

Some form of documentation must accompany each item claimed, including claims for ongoing service situations. Due to the unique nature of orthodontia expenses, the following special documentation requirements have been established:

- The first orthodontia claim submitted must include a copy of the written agreement between you and the orthodontist, indicating the total estimated charges and the period of treatment.
- All claims submitted must include copies of canceled checks or receipts from the orthodontist as evidence of payment.

PLEASE NOTE: To avoid possible adverse tax consequences, the Public Employees Health Program recommends that insurance benefits for orthodontia expenses be paid directly to the orthodontist by the insurance company.

Dependent Care Claims

Acceptable documentation for dependent care expenses includes copies of provider issued receipts or statements. PLEASE NOTE: To comply with new Federal tax law, the provider's name, address and taxpayer identification number (Social Security number) must be listed on each dependent care claim. This information should be noted in the "NAME OF PROVIDER AND TAX ID#" section of the FLEX$ Reimbursement claim form. Dependent care expenses may be submitted for reimbursement up to one month in advance with proper documentation to verify claim.

Denied FLEX$ Claims

Denied FLEX$ claims may be appealed. Appeals must be received in writing, along with any supporting documentation, by the Public Employees Health Program within 60 days of the denial notification. The Public Employees Health Program will then respond within 60 days of receipt of your appeal.

Participants will be informed of all claims denied by the Public Employees Health Program as being ineligible for reimbursement. Participants may not necessarily be informed if reimbursement is not forthcoming due to the amount claimed being more than the amount chosen as the elected deduction amount, for dependant care.

With the Dependent Care Account, participants are only allowed reimbursement for the amount they have contributed.

With the Health Care Reimbursement Account, participants can only be reimbursed for the amount they have elected to contribute during the plan year.

Name and Address Changes

Employees are responsible for informing their own payroll/human resource department whenever there is a name and/or address change. Employees should then monitor their paychecks to verify that the name and/or address change takes place within the payroll system. Employees must include the correct home address on the claim. Failure to do so may result in delays in receiving FLEX$ reimbursements.

Duplicate Reimbursement/Overpayment

If reimbursement from FLEX$ and any other source exceeds 100% of a health care or dependent care expense, the Public Employees Health Program will either require you to refund the excess amount or will adjust future claim payment(s). In the event that your FLEX$ reimbursements exceed the total amount that you have contributed for the year, you will be required to refund the difference within 15 days after notification by the Public Employees Health Program.

Termination of Employment/Employment Status Change

If your employment terminates, you retire, or go from an eligible to an ineligible status during the year, you will have the following options: 1) Submit claims within 60 days for reimbursement of eligible health care and/or dependent care expenses incurred prior to the termination or status change, or 2) Choose to continue FLEX$ benefits by electing COBRA for the health care account only.

If you separate from service and elect COBRA, you may pre-pay the remaining obligation under the current Salary Reduction Agreement or choose to make monthly payments. Plan period dates and guidelines for eligible expenses and submissions of claims will still apply in such situations. You may then apply for reimbursement of expenses incurred throughout that Plan Year. Contact the PEHP FLEX$ administrator for forms and procedures to elect COBRA for your health care account.

If a participant who elects COBRA fails to timely make any required contributions, that individual shall not be entitled to reimbursements for the portion of the Plan Year for which contributions were not made. (Refer to COBRA requirements under Article 8 of the Plan Document)

In the event of your death, reimbursement for eligible expenses may be filed by your dependents (if any) until the accumulated contributions have been exhausted. In no event, however, will reimbursement be made for claims received after the applicable FLEX$ claims submission deadlines.

A Participant who separates from service and then returns to service as an Eligible Employee within 30 days may have the previous election automatically reinstated for the remainder of that Plan Year. If the former Participant returns to service as an Eligible Employee after 30 days, the Employee may make a new election or resume the previous election for the remainder of that Plan Year.

BEFORE YOU DECIDE

Take some time to think about the health care needs of your family. Review last year's medical, dental, and vision expenses and those from the year before. Then, estimate your out-of-pocket expenses for the upcoming year considering what your medical and/or dental plan(s) cover and what portion you must pay.

If you pay for dependent care, estimate the amount you expect to pay over the next year. Consider any changes that will occur in dependent day care costs and in the number of eligible dependents you may claim. Remember to take into account such predictable events as family vacations, children entering school, etc.
FLEX$ Reimbursement Accounts should only be used for expenses that you can accurately predict. Ask yourself these questions. . .

- Does anyone in my family wear contacts, glasses, or a hearing aid?
- Do my children need orthodontia? Does my doctor want me to quit smoking?
- Do I have any small medical bills, not covered by insurance, that chip

away at my hard-earned paycheck?
- Do I pay for the care of an incapacitated spouse or dependent parent?
- Do I have young children who need day care so I can work?
- Do I pay a housekeeper to care for my child part of the day?

If you answer YES to any of the above questions, a FLEX$ Reimbursement Account may be right for you. Why not pay your predictable health care and dependent care expenses with tax-free money?

ABOUT THIS DOCUMENT

This document summarizes the major features of the FLEX$ program.
It is recommended that you attempt to refer to the most recent printing of this material occasionally during the plan year. Every effort has been made to make sure this information is clear, easy to understand and accurate. The official plan document contains complete plan provisions and is available for inspection, upon request, through your Employer, or at the Public Employee Health Program Office. In case of any discrepancy between this document and the official plan document, the official plan document will take precedence.

FOR ADDITIONAL INFORMATION

For further clarification of the concepts and rules contained within this document, or if you are experiencing any problem with your FLEX$ accounts, please contact the Public Employees Health Program, FLEX Plan Administration, 560 East 200 South, Suite 110, Salt Lake City, Utah 84102-2004 at (801) 366-7503.

A participant with a dependent care account may elect to have the reimbursements made automatically each pay period without submitting claims. This requires that the participant obtain documentations from their provider at the beginning of the year for planned expenses for the whole year. The participant submits that documentation with a claim form at the beginning of the year with a request for the automatic reimbursement. For further information, call Public Employees Health Program (801) 366-7503.